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Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Eich cyf/Your ref
Ein cyf/Our refJG/05546/09

Jonathan Morgan AM
Chair
Public Accounts Committee
National Assembly for Wales,
Cardiff Bay,
Cardiff
CF99 1NA

27 November 2009

Dear Jonathan,

Work Based Learning Follow-up Report

Thank you for your letter of 11 November in relation to the Public Accounts Committee's (the Committee) consideration of the Auditor General's (AGW) follow-up report on work based learning (WBL). I am pleased to see the Committee has welcomed the positive progress made by the Welsh Assembly Government in addressing many of the concerns raised by the AGW and the improvement in control that has resulted.

Turning to the area of concern set out in your letter - the sharing of lessons learnt across other departments of the Assembly Government - it may be helpful if I first set out the changes arising from the Enabling Government agenda that are supporting the dissemination of good practice and lessons learnt, before providing some practical examples to illustrate how the arrangements work.

Under the Enabling Government agenda the Assembly Government has introduced the following changes:

- A streamlined management structure with the Strategic Delivery and Performance Board, the Director General (DG) roles, and the Operations Group to drive improvement in the management of business and ensure greater collaboration and shared learning across the organisation.
- The creation of Operations Teams within each DG area to support a move to more consistent, efficient business processes which includes a more proactive role in identifying the issues arising from audit work across the organisation.
- Appropriate heads of profession and professional staff in relevant areas such as finance and human resources.
- Clear lines of accountability and reporting supporting the roles of DGs as Additional Accounting Officers (AAO) and the Permanent Secretary as Accounting Officer (AO) for the Assembly Government.

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- Increased independent membership of the respective Corporate Governance Committees to advise the AO and AAOs and to monitor the management response to control issues identified through the assurance processes.
- The creation of a single knowledge base bringing together key sources of information which includes audit and control matters.

These changes mean that there are robust mechanisms in place to capture lessons learnt, disseminate them across the Assembly Government and ensure they are implemented effectively. These arrangements will draw on assurance from a number of sources including the statement of internal control by management; audits by the Wales Audit Office; and reviews by the Internal Audit Service, which are increasingly being targeted at cross cutting themes.

I have set out below two specific examples that illustrate the benefits of these arrangements:

a. Wales Audit Office Management Letter for 2008-09

Following the audit of the Assembly Government's financial statements for 2008-09, the WAO produced a management letter which highlighted control issues arising for the attention of management. The management letter was considered at the Finance Network meeting of the Heads of Finance for each DG area, and by the Corporate Governance Committee. In this way, the issues arising in individual departments were shared across the organisation and the respective Corporate Governance Committees will monitor the implementation of relevant recommendations. This will be checked by the WAO in due course.

b. Internal Audit Service (IAS) – Thematic Reviews

Reviews by the IAS are an important source of assurance for the AO/AAOs. IAS have carried out a number of thematic reviews looking at activities and controls across the Assembly Government. These have included procurement, risk management, month end procedures and efficiency savings (a joint review with the WAO). Reviews of Agreements and the Welsh Language are currently in progress. The recommendations from these reviews are considered by the Corporate Governance Committee and provide the basis for disseminating lessons learnt across the organisation and enables the strengthening of 'common' business processes and controls. Again, the management response to these recommendations will be subject to appropriate follow-up reporting in due course.

Finally, the Corporate Governance Unit will ensure that recommendations by the AGW or your Committee which have wider lessons to be learnt will be brought to the attention of the Operations Group which will be remitted to ensure appropriate management action is taken on a timely basis.

I hope this clarifies the position and provides the Committee with reassurance on this important matter.

Best wishes

